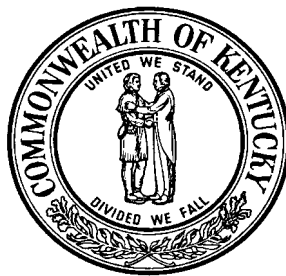


**REPORT OF THE AUDIT OF THE  
LOGAN COUNTY  
FISCAL COURT**

**For The Fiscal Year Ended  
June 30, 2009**



**CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS  
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FRANKFORT, KY 40601-1817  
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**CRIT LUALLEN**  
**AUDITOR OF PUBLIC ACCOUNTS**

To the People of Kentucky

Honorable Steven L. Beshear, Governor

Jonathan Miller, Secretary

Finance and Administration Cabinet

Honorable Logan Chick, Logan County Judge/Executive

Members of the Logan County Fiscal Court

The enclosed report prepared by Percy and Gray, PSC, PSC, Certified Public Accountants, presents the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Logan County, Kentucky, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements.

We engaged Percy and Gray, PSC, PSC to perform the audit of these financial statements. We worked closely with the firm during our report review process; Percy and Gray, PSC, PSC evaluated the Logan County's internal controls and compliance with applicable laws and regulations.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Crit Luallen".

Crit Luallen

Auditor of Public Accounts

Enclosure





**EXECUTIVE SUMMARY**  
**AUDIT EXAMINATION OF THE**  
**LOGAN COUNTY FISCAL COURT**

**June 30, 2009**

Peercy and Gray, PSC, PSC has completed the audit of the Logan County Fiscal Court for fiscal year ended June 30, 2009. We have issued unqualified opinions on the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information.

**Financial Condition:**

The fiscal court had total net assets of \$13,471,186 as of June 30, 2009. In its governmental activities, the fiscal court had unrestricted net assets of \$5,420,716 as of June 30, 2009, with total net assets of \$13,452,538. In its business-type activities, total net cash and cash equivalents were \$10,749 with total net assets of \$18,648. Total debt principal as of June 30, 2009, was \$18,182,414 with \$723,594 due within the next year.

**Deposits:**

As of June 30, 2009, the fiscal court's deposits were insured and collateralized by bank securities.



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## **PEERCY AND GRAY, PSC**

### **Certified Public Accountants**

2300 Hurstbourne Village Drive, Suite 500

Louisville, Kentucky 40299

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To the People of Kentucky

Honorable Steven L. Beshear, Governor

Jonathan Miller, Secretary

Finance and Administration Cabinet

Honorable Logan Chick, Logan County Judge/Executive

Members of the Logan County Fiscal Court

### Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Logan County, Kentucky, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Logan County Fiscal Court. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, Logan County, Kentucky, prepares its financial statements in accordance with the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Logan County, Kentucky, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with the basis of accounting described in Note 1.

The county has not presented the management's discussion and analysis that the Governmental Accounting Standards Board (GASB) has determined is necessary to supplement, although not required to be part of the basic financial statements. The budgetary comparison information is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

To the People of Kentucky  
Honorable Steven L. Beshear, Governor  
Jonathan Miller, Secretary  
Finance and Administration Cabinet  
Honorable Logan Chick Logan County Judge/Executive  
Members of the Logan County Fiscal Court

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Logan County, Kentucky's basic financial statements. The accompanying combining fund financial statements are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The combining fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued our report dated October 21, 2009 on our consideration of Logan County, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Respectfully submitted,

A handwritten signature in black ink that reads "Percy and Gray, PSC". The signature is written in a cursive, flowing style.

Percy and Gray, PSC  
Certified Public Accountants

October 21, 2009

**LOGAN COUNTY OFFICIALS**

For The Year Ended June 30, 2009

**Fiscal Court Members:**

Logan Chick	County Judge/Executive
Harold Prince	Magistrate
Curtis Watkins	Magistrate
Kerry Kenady	Magistrate
Dixie Carter	Magistrate
Loyd Houchens	Magistrate
Jo Orange	Magistrate
Thomas Bouldin	Magistrate

**Other Elected Officials:**

Thomas A. Noe, III	County Attorney
William Jenkins	Jailer
Scottie Harper	County Clerk
Sherry Wilkins	Circuit Court Clerk
Wallace Whittaker	Sheriff
Ben Brown	Property Valuation Administrator
Mary Givens	Coroner

**Appointed Personnel:**

Elaine Jenkins	County Treasurer
Karen Taylor	Finance Officer
Brenda Morrison	Personnel/Payroll Officer
Paul Lyne	Road Supervisor
Sue Carol Marshall	Occupational Tax Administrator

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**LOGAN COUNTY**  
**STATEMENT OF NET ASSETS - MODIFIED CASH BASIS**

**June 30, 2009**



**LOGAN COUNTY**  
**STATEMENT OF NET ASSETS - MODIFIED CASH BASIS**

**June 30, 2009**

	<b>Primary Government</b>		
	<b>Governmental</b>	<b>Business-Type</b>	
	<b>Activities</b>	<b>Activities</b>	<b>Totals</b>
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 11,130,700	\$ 10,749	\$ 11,141,449
Total Current Assets	11,130,700	10,749	11,141,449
Noncurrent Assets:			
Capital Assets - Net of Accumulated Depreciation			
Land	1,479,491		1,479,491
Construction In Progress	1,533,543		1,533,543
Buildings	10,935,350		10,935,350
Vehicles	530,769	1,120	531,889
Equipment	1,039,091	6,779	1,045,870
Infrastructure	4,986,008		4,986,008
Total Noncurrent Assets	20,504,252	7,899	20,512,151
Total Assets	31,634,952	18,648	31,653,600
<b>LIABILITIES</b>			
Current Liabilities:			
Bonds Payable	715,000		715,000
Financing Obligations Payable	8,594		8,594
Total Current Liabilities	723,594		723,594
Noncurrent Liabilities:			
Bonds Payable	17,450,000		17,450,000
Financing Obligations Payable	8,820		8,820
Total Noncurrent Liabilities	17,458,820		17,458,820
Total Liabilities	18,182,414		18,182,414
<b>NET ASSETS</b>			
Invested in Capital Assets,			
Net of Related Debt	2,321,838	7,899	2,329,737
Restricted For:			
Capital Projects	5,279,750		5,279,750
Debt Service	430,234		430,234
Unrestricted	5,420,716	10,749	5,431,465
Total Net assets	\$ 13,452,538	\$ 18,648	\$ 13,471,186

The accompanying notes are an integral part of the financial statements.

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**LOGAN COUNTY**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**  
**For The Year Ended June 30, 2009**

**LOGAN COUNTY**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2009**

		Program Revenues Received		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 4,075,000	\$	\$ 2,320,574	\$
Protection to Persons and Property	2,571,730	30,578		
General Health and Sanitation	359,031			
Social Services	14,950			
Recreation and Culture	76,155			
Roads	1,165,807		211,219	1,283,715
Airports	17,500			
Debt Service	693,838			
Capital Projects	235,548			
Total Governmental Activities	9,209,559	30,578	2,531,793	1,283,715
Business-type Activities:				
Jail Canteen	67,852	51,364		
Total Business-type Activities	67,852	51,364		
Total Primary Government	\$ 9,277,411	\$ 81,942	\$ 2,531,793	\$ 1,283,715

**General Revenues:**

Taxes:

Real Property Taxes  
Personal Property Taxes  
Motor Vehicle Taxes  
Occupational/Net Profit Taxes  
Other Taxes  
In-Lieu of Tax  
Excess Fees  
License and Permits  
Miscellaneous Revenues  
Interest Received

Total General Revenues

Change in Net Assets

Net Assets - Beginning

Net Assets - Ending

The accompanying notes are an integral part of the financial statements.

**LOGAN COUNTY**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**  
**For The Year Ended June 30, 2009**  
**(Continued)**

<b>Net (Expenses) Revenues and Changes in Net Assets</b>		
<b>Primary Government</b>		
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Totals</b>
\$ (1,754,426)	\$	\$ (1,754,426)
(2,541,152)		(2,541,152)
(359,031)		(359,031)
(14,950)		(14,950)
(76,155)		(76,155)
329,127		329,127
(17,500)		(17,500)
(693,838)		(693,838)
(235,548)		(235,548)
(5,363,473)		(5,363,473)
	(16,488)	(16,488)
	(16,488)	(16,488)
\$ (5,363,473)	\$ (16,488)	\$ (5,379,961)
1,115,860		1,115,860
252,629		252,629
150,727		150,727
2,558,002		2,558,002
682,935		682,935
287,185		287,185
1,149,845		1,149,845
199,558		199,558
292,736	4,971	297,707
385,753		385,753
7,075,230	4,971	7,080,201
1,711,757	(11,517)	1,700,240
11,740,781	30,165	11,770,946
\$ 13,452,538	\$ 18,648	\$ 13,471,186

The accompanying notes are an integral part of the financial statements.

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**LOGAN COUNTY**  
**BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**

**June 30, 2009**

**LOGAN COUNTY**  
**BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**

**June 30, 2009**

	<b>General Fund</b>	<b>Road And Bridge Fund</b>	<b>Jail Fund</b>	<b>Occupational Tax/Net Profits Tax Fund</b>	<b>Hospital Special Reserve Fund</b>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 697,729	\$ 24,505	\$ 55,689	\$ 593,226	\$ 3,431,587
Total Assets	<u>\$ 697,729</u>	<u>\$ 24,505</u>	<u>\$ 55,689</u>	<u>\$ 593,226</u>	<u>\$ 3,431,587</u>
<b>FUND BALANCES</b>					
Reserved for:					
Encumbrances	\$ 271,759	\$ 8,995	\$ 24,425	\$ 277	\$
Capital Projects Fund					
Debt Service Fund					
Unreserved:					
General Fund	425,970				
Special Revenue Funds		15,510	31,264	592,949	3,431,587
Total Fund Balances	<u>\$ 697,729</u>	<u>\$ 24,505</u>	<u>\$ 55,689</u>	<u>\$ 593,226</u>	<u>\$ 3,431,587</u>

The accompanying notes are an integral part of the financial statements.

**LOGAN COUNTY**  
**BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**June 30, 2009**  
**(Continued)**

<b>Public Properties Corporation Fund - Justice Center</b>	<b>Non- Major Governmental Funds</b>	<b>Total Governmental Funds</b>
<u>\$ 5,279,750</u>	<u>\$ 1,048,214</u>	<u>\$ 11,130,700</u>
<u>\$ 5,279,750</u>	<u>\$ 1,048,214</u>	<u>\$ 11,130,700</u>
\$ 5,279,750	\$ 10,376	\$ 315,832
		5,279,750
	430,234	430,234
		425,970
	607,604	4,678,914
<u>\$ 5,279,750</u>	<u>\$ 1,048,214</u>	<u>\$ 11,130,700</u>

**Reconciliation of the Balance Sheet-Governmental Funds to the Statement of Net Assets**

Total Fund Balances	\$ 11,130,700
Amounts Reported For Governmental Activities In The Statement Of Net Assets Are Different Because:	
Capital Assets Used in Governmental Activities Are Not Financial Resources And Therefore Are Not Reported in the Funds.	25,635,396
Accumulated Depreciation	(5,131,144)
Long- term Debt Is Not Due and Payable in the Current Period and, Therefore, Is Not Reported in the Funds.	
Financing Obligation	(17,414)
Bonded Debt	<u>(18,165,000)</u>
Net Assets Of Governmental Activities	<u>\$ 13,452,538</u>

The accompanying notes are an integral part of the financial statements.

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**LOGAN COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2009**

**LOGAN COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2009**

	<b>General Fund</b>	<b>Road And Bridge Fund</b>	<b>Jail Fund</b>	<b>Occupational Tax/Net Profits Tax Fund</b>
<b>REVENUES</b>				
Taxes	\$ 1,822,521	\$	\$	\$ 2,558,001
In Lieu Tax Payments	287,185			
Excess Fees	1,149,845			
Licenses and Permits	27,375			
Intergovernmental	481,664	1,494,934	518,388	
Charges for Services			30,578	
Miscellaneous	179,452	25,989	38,553	
Interest	55,272	12,803	2,467	28,800
Total Revenues	<u>4,003,314</u>	<u>1,533,726</u>	<u>589,986</u>	<u>2,586,801</u>
<b>EXPENDITURES</b>				
General Government	2,783,626	260		65,139
Protection to Persons and Property	768,080		1,379,870	
General Health and Sanitation	300			
Social Services	1,950			
Recreation and Culture	36,387			
Roads		1,825,936		
Airports				
Debt Service				
Capital Projects	220,000	9,886		
Administration	476,820	185,948	324,034	17,361
Total Expenditures	<u>4,287,163</u>	<u>2,022,030</u>	<u>1,703,904</u>	<u>82,500</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>(283,849)</u>	<u>(488,304)</u>	<u>(1,113,918)</u>	<u>2,504,301</u>
<b>Other Financing Sources (Uses)</b>				
Transfers From Other Funds	120,000	485,000	1,450,000	120,000
Transfers To Other Funds	(120,000)		(335,636)	(2,763,028)
Total Other Financing Sources (Uses)	<u></u>	<u>485,000</u>	<u>1,114,364</u>	<u>(2,643,028)</u>
Net Change in Fund Balances	(283,849)	(3,304)	446	(138,727)
Fund Balances - Beginning	981,578	27,809	55,243	731,953
Fund Balances - Ending	<u>\$ 697,729</u>	<u>\$ 24,505</u>	<u>\$ 55,689</u>	<u>\$ 593,226</u>

The accompanying notes are an integral part of the financial statements.

## LOGAN COUNTY

## STATEMENT OF REVENUES, EXPENDITURES, AND

## CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS

For The Year Ended June 30, 2009

(Continued)

<b>Hospital Special Reserve Fund</b>	<b>Public Properties Corporation Fund - Justice Center</b>	<b>Non- Major Governmental Funds</b>	<b>Total Governmental Funds</b>
\$	\$	\$ 379,631	\$ 4,760,153
			287,185
			1,149,845
		172,183	199,558
	1,070,205	250,317	3,815,508
			30,578
		48,742	292,736
150,996	94,414	41,001	385,753
150,996	1,164,619	891,874	10,921,316
		118,158	2,967,183
		530,835	2,678,785
		216,617	216,917
		13,000	14,950
		39,768	76,155
			1,825,936
		17,500	17,500
	1,072,684	364,529	1,437,213
	6,489,887		6,719,773
		179,863	1,184,026
	7,562,571	1,480,270	17,138,438
150,996	(6,397,952)	(588,396)	(6,217,122)
318,028		725,636	3,218,664
318,028		725,636	(3,218,664)
469,024	(6,397,952)	137,240	(6,217,122)
2,962,563	11,677,702	910,974	17,347,822
\$ 3,431,587	\$ 5,279,750	\$ 1,048,214	\$ 11,130,700

The accompanying notes are an integral part of the financial statements.

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**LOGAN COUNTY  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2009**



**LOGAN COUNTY**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES OF**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2009**

Net Change in Fund Balances - Total Governmental Funds	\$ (6,217,122)
Amounts Reported for Governmental Activities in the Statement of Activities Are Different Because:	
Governmental Funds Report Capital Outlays as Expenditures. However, in the Statement of Activities the Cost of those Assets Is Allocated over Their Estimated Useful Lives and Reported as Depreciation Expense	
Book Value - Disposed Assets	(34,760)
Capital Outlay	7,933,046
Depreciation Expense	(712,782)
Financing Obligation Proceeds are Considered a Current Financial Resource to Governmental Funds While Financing Obligation Payments Are Expensed in the Governmental Funds as a Use of Current Financial Resources. These transactions, however, have no effect on net assets	
Financing Obligations Principal Payment	8,375
Bond Principal Payments	<u>735,000</u>
Change in Net Assets of Governmental Activities	<u><u>\$ 1,711,757</u></u>

The accompanying notes are an integral part of the financial statements.

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**LOGAN COUNTY**  
**STATEMENT OF NET ASSETS - PROPRIETARY FUND - MODIFIED CASH BASIS**

**June 30, 2009**



**LOGAN COUNTY**  
**STATEMENT OF NET ASSETS - PROPRIETARY FUND - MODIFIED CASH BASIS**

**June 30, 2009**

	<u><b>Enterprise Fund</b></u>
	<u><b>Jail Canteen Fund</b></u>
<b>Assets</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 10,749
Total Current Assets	<u>10,749</u>
Noncurrent Assets:	
Capital Assets:	
Vehicles	4,000
Equipment	13,727
Less: Accumulated Depreciation	<u>(9,828)</u>
Total Noncurrent Assets	<u>7,899</u>
Total Assets	<u>18,648</u>
<b>Net Assets</b>	
Invested in Capital Assets,	
Net of Related Debt	7,899
Unrestricted	<u>10,749</u>
Total Net Assets	<u>\$ 18,648</u>

The accompanying notes are an integral part of the financial statements.

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**LOGAN COUNTY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES**  
**IN FUND NET ASSETS – PROPRIETARY FUND - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2009**



**LOGAN COUNTY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES**  
**IN FUND NET ASSETS – PROPRIETARY FUND - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2009**

	<u><b>Enterprise Fund</b></u>
	<u><b>Jail Canteen Fund</b></u>
<b>Operating Revenues</b>	
Canteen Receipts	\$ 51,364
Other Receipts	4,971
Total Operating Revenues	<u>56,335</u>
<b>Operating Expenses</b>	
Cost of Sales	57,719
Educational and Recreational	2,278
Depreciation	2,775
Miscellaneous	5,080
Total Operating Expenses	<u>67,852</u>
Operating Loss	<u>(11,517)</u>
<b>Nonoperating Revenues (Expenses)</b>	
Inmate Pay From State	3,718
Inmate Refunds On Accounts	<u>(3,718)</u>
Total Nonoperating Revenues (Expenses)	<u></u>
 Change In Net Assets	 (11,517)
 Total Net Assets - Beginning	 <u>30,165</u>
Total Net Assets - Ending	<u><u>\$ 18,648</u></u>

The accompanying notes are an integral part of the financial statements.

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**LOGAN COUNTY**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUND - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2009**



**LOGAN COUNTY**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUND - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2009**

	<b>Enterprise Fund</b>
	<b>Jail Canteen Fund</b>
<b>Cash Flows From Operating Activities</b>	
Receipts From Customers	\$ 51,364
Other Receipts	5,531
Cost of Sales	(57,719)
Educational and Recreational	(2,278)
Miscellaneous	(5,080)
Net Cash Provided (Used) By Operating Activities	(8,182)
<b>Cash Flows From Noncapital Financing Activities</b>	
Inmate Pay From State	3,718
Inmate Refunds on Accounts	(3,718)
Net Cash Provided (Used) By Noncapital Financing Activities	
Net Decrease in Cash and Cash Equivalents	(8,182)
Cash and Cash Equivalents - July 1, 2008	18,931
Cash and Cash Equivalents - June 30, 2009	\$ 10,749
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities</b>	
Operating Loss	\$ (11,517)
Adjustments to Reconcile Operating Income To Net Cash Provided By Operating Activities -	
Loss on Disposal of Equipment	560
Depreciation Expense	2,775
Net Cash Provided By Operating Activities	\$ (8,182)

The accompanying notes are an integral part of the financial statements.

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**LOGAN COUNTY**  
**STATEMENT OF FIDUCIARY NET ASSETS**

**June 30, 2009**



**LOGAN COUNTY**  
**STATEMENT OF FIDUCIARY NET ASSETS**

**June 30, 2009**

	<u><b>Agency Fund</b></u>
	<b>Flex</b>
	<b>Spending</b>
	<b>Account</b>
	<u>          </u>
<b>Assets</b>	
Current Assets:	
Cash and Cash Equivalents	\$       14,286
Total Assets	<u>          14,286</u>
<b>Liabilities</b>	
Amounts Held In Custody For Others	<u>          14,286</u>
Total Liabilities	<u>          14,286</u>
<b>Net Assets</b>	
Total Net Assets	<u><u>          \$       0</u></u>

The accompanying notes are an integral part of the financial statements.

**INDEX FOR NOTES  
TO THE FINANCIAL STATEMENTS**

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**LOGAN COUNTY  
NOTES TO FINANCIAL STATEMENTS**

**June 30, 2009**

**Note 1. Summary of Significant Accounting Policies**

**A. Basis of Presentation**

The county presents its government-wide and fund financial statements in accordance with a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received and expenditures when paid. Property tax receivables, accounts payable, compensated absences, and donated assets, among other items, are not reflected in the financial statements.

Encumbrances lapse at year-end and are not reflected on the Statement of Net Assets and Statement of Activities; however, encumbrances are reflected on the Balance Sheet - Governmental Funds as part of the fund balance (Reserved for Encumbrances).

The State Local Finance Officer does not require the county to report capital assets and infrastructure; however, the value of these assets is included in the Statement of Net Assets and the corresponding depreciation expense is included on the Statement of Activities.

**B. Reporting Entity**

The financial statements of Logan County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14 and GASB 39, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Consequently, the reporting entity includes organizations that are legally separate from the primary government. Legally separate organizations are reported as component units if either the county is financially accountable or their exclusion would cause the county's financial statements to be misleading or incomplete. Component units may be blended or discretely presented. Blended component units either provide their services exclusively or almost entirely to the primary government, or their governing bodies are substantively the same as the primary government. The county has one discretely presented component unit, the Logan County Tourist and Convention Commission (Commission). The Commission's financial statements have not been included in the County's financial statements, as they are considered immaterial.

Blended Component Units

Logan County Public Properties Corporation

The Logan County Fiscal Court appoints the Public Properties Corporation's governing board and has the ability to impose its will on the governing board. In addition, the Fiscal Court is financially accountable and legally obligated for the debt of the Public Properties Corporation. Financial information for the Public Properties Corporation is blended within Logan County's financial statements. All activities of the Public Properties Corporation are accounted for within a major (capital projects) fund and a non-major (debt service) fund.

LOGAN COUNTY  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2009  
 (Continued)

**Note 1. Summary of Significant Accounting Policies (Continued)**

**C. Logan County Elected Officials**

Kentucky law provides for election of the officials below from the geographic area constituting Logan County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities, and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices.

Additional Logan County Elected Officials

- Circuit Court Clerk
- County Attorney
- Property Valuation Administrator
- County Clerk
- County Sheriff

**D. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its non-fiduciary component units. For the most part, the effect of interfund activities has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on sales, fees, and charges for support. Business-type revenues come mostly from fees charged to external parties for goods or services.

The statement of net assets presents the reporting entity's non-fiduciary assets and liabilities, the difference between the two being reported as net assets. Net assets are reported in three categories: 1) invested in capital assets, net of related debt - consisting of capital assets, net of accumulated depreciation and reduced by outstanding balances for debt related to the acquisition, construction, or improvement of those assets; 2) restricted net assets - resulting from constraints placed on net assets by creditors, grantors, contributors, and other external parties, including those constraints imposed by law through constitutional provisions or enabling legislation; and 3) unrestricted net assets - those assets that do not meet the definition of restricted net assets or invested in capital assets.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function; 2) operating grants and contributions and; 3) capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Internally dedicated resources such as taxes and unrestricted state funds are reported as general revenues.

Generally and except as otherwise provided by law, property taxes are assessed as of January 1, levied (mailed) November 1, due at discount November 30, due at face value December 31, delinquent January 1 following the assessment, and subject to lien and sale the 3rd Saturday in April following the delinquency date.

LOGAN COUNTY  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2009  
 (Continued)

**Note 1. Summary of Significant Accounting Policies (Continued)**

**D. Government-wide and Fund Financial Statements (Continued)**

Funds are characterized as either major or non-major. Major funds are those whose assets, liabilities, revenues, or expenditures/expenses are at least ten percent of the corresponding total (assets, liabilities, etc.) for all funds or type (governmental or proprietary) and whose total assets, liabilities, revenues, or expenditures/expenses are at least five percent of the corresponding total for all governmental and enterprise funds combined. The fiscal court may also designate any fund as major.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major enterprise funds are reported as separate columns in the financial statements.

**Governmental Funds**

The primary government reports the following major governmental funds:

**General Fund** - This is the primary operating fund of the Fiscal Court. It accounts for all financial resources of the general government, except where the Department for Local Government requires a separate fund or where management requires that a separate fund be used for some function.

**Road and Bridge Fund** - This fund is for road and bridge construction and repair. The primary source of revenue for this fund is state payments for truck license distribution, municipal road aid, and transportation grants. The Department for Local Government requires the Fiscal Court to maintain these receipts and expenditures separately from the General Fund.

**Jail Fund** - The primary purpose of this fund is to account for the jail expenses of the county. The primary sources of revenue for this fund are reimbursements from the state and federal government, other counties for housing prisoners and transfers from the General Fund. The Department for Local Government requires the Fiscal Court to maintain these receipts and expenditures separately from the General Fund.

**Occupational Tax/Net Profits Tax Fund** - The primary purpose for this fund is the collection of occupational tax and net profit tax.

**Hospital Special Reserve Fund** - The primary purpose of this fund is to act as a reserve fund. This is the County's primary savings account.

**Public Properties Corporation Fund – Justice Center** - The purpose of this fund is to account for bond proceeds, capital construction costs, and debt service payments related to the Justice Center.

The primary government also has the following nonmajor funds: Local Government Economic Assistance Fund, Solid Waste/Recycling Fund, Life Skills Revolving Loan Fund, and the 911 Fund, which are presented as Special Revenue Funds. These funds are used to account for the proceeds of specific revenue sources and expenditures that are legally restricted for specific purposes. The other nonmajor fund is the Public Properties Corporation Fund – Detention Center. This fund is considered a debt service fund.

LOGAN COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009  
(Continued)

**Note 1. Summary of Significant Accounting Policies (Continued)**

**D. Government-wide and Fund Financial Statements (Continued)**

**Governmental Funds (Continued)**

Special Revenue Funds:

The Road and Bridge Fund, Jail Fund, Occupational Tax/Net Profits Tax Fund, Hospital Special Reserve Fund, Local Government Economic Assistance Fund, Solid Waste/Recycling Fund, Life Skills Revolving Loan Fund, and the 911 Fund are presented as special revenue funds. Special revenue funds are to account for the proceeds of specific revenue sources and expenditures that are legally restricted for specific purposes.

Debt Service Funds:

The Public Properties Corporation Fund - Detention Center is presented as a debt service fund. The debt service funds are to account for the accumulation of resources for, and the payment of general long-term debt principal and interest related to the Detention Center and the Justice Center.

Capital Projects Fund:

The Public Properties Corporation Fund - Justice Center is presented as a capital projects funds. Capital projects funds are to account for the financial resources to be used for the acquisition, construction, or renovation of major capital facilities.

**Proprietary Fund**

The proprietary fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The principal operating revenues of the county's enterprise fund is charges to customers for sales in the Jail Canteen Fund. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. The government has elected not to adopt Financial Accounting Standards Board (FASB) Statements or Interpretations issued November 30, 1989, unless the Governmental Accounting Standards Board (GASB) adopts such FASB Statements or Interpretations.

The primary government reports the following major proprietary fund:

Jail Canteen Fund - The canteen operations are authorized pursuant to KRS 441.135(1), which allows the jailer to sell snacks, sodas, and other items to inmates. The profits generated from the sale of those items are to be used for the benefit or recreation of the inmates. KRS 441.135(2) requires the jailer to maintain accounting records and report annually to the county treasurer the receipts and disbursements of the Jail Canteen Fund.

LOGAN COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009  
(Continued)

**Note 1. Summary of Significant Accounting Policies (Continued)**

**D. Government-wide and Fund Financial Statements (Continued)**

**Fiduciary Funds**

Fiduciary funds report only those resources held in a trust or custodial capacity for individuals, private organizations, or other governments. The county's agency fund is used to account for monies held by the county in the Flex Spending Account for custodial purposes only. Unlike other funds, the agency fund reports assets and liabilities only; therefore, it has no measurement focus.

The primary government reports the following fiduciary fund:

Flex Spending Account - This fund accounts for funds received from employees, which are held until an employee is reimbursed for a reimbursable expense.

**E. Deposits and Investments**

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposit, and short-term investments with original maturities of three months or less from the date of acquisition.

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

**F. Capital Assets**

Capital assets, which include land, land improvements, buildings, furniture and office equipment, building improvements, machinery, equipment, and infrastructure assets (roads and bridges) that have a useful life of more than one reporting period based on the government's capitalization policy, are reported in the applicable governmental or business-type activities of the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost when purchased or constructed.

Cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Land and Construction In Progress are not depreciated. Interest incurred during construction is not capitalized. Capital assets and infrastructure are depreciated using the straight-line method of depreciation over the estimated useful life of the asset.

LOGAN COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009  
(Continued)

**Note 1. Summary of Significant Accounting Policies (Continued)**

**F. Capital Assets (Continued)**

	Capitalization Threshold	Useful Life (Years)
Land Improvements	\$ 12,500	20-25
Buildings	15,000	10-60
Building Improvements	25,000	10-60
Machinery and Equipment	1,000	3-25
Vehicles	1,000	3-12
Infrastructure	20,000	20-40

**G. Long-term Obligations**

In the government-wide financial statements and proprietary fund in the fund financial statements, long term debt and other long-term obligations are reported as liabilities in the applicable financial statements. The principal amount of bonds and financing obligations are reported.

In the fund financial statements, governmental funds recognize bond interest, as well as bond issuance costs when received or when paid, during the current period. The principal amount of the debt and interest are reported as expenditures. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures. Debt proceeds are reported as other financing sources.

**H. Fund Equity**

In the fund financial statements, the difference between the assets and liabilities of governmental funds is reported as fund balance. Fund balance is divided into reserved and unreserved components, with unreserved considered available for new spending. Unreserved fund balances, may be divided into designated and undesignated portions. Designations represent fiscal court's intended use of the resources and should reflect actual plans approved by the fiscal court.

Governmental funds report reservations of fund balance for amounts that are legally restricted by outside parties for use for a specific purpose, long-term receivables, and encumbrances.

"Reserved for Encumbrances" are purchase orders that will be fulfilled in a subsequent fiscal period. Although the purchase order or contract creates a legal commitment, the fiscal court incurs no liability until performance has occurred on the part of the party with whom the fiscal court has entered into the arrangement. When a government intends to honor outstanding commitments in subsequent periods, such amounts are encumbered. Encumbrances lapse at year-end and are not reflected on the Statement of Net Assets and Statement of Activities, however encumbrances are reflected on the Balance Sheet - Governmental Funds as part of the fund balance.

LOGAN COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009  
(Continued)

**Note 1. Summary of Significant Accounting Policies (Continued)**

**I. Budgetary Information**

Annual budgets are adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer.

The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

**J. Related Organizations, Joint Ventures, and Jointly Governed Organizations**

A related organization is an entity for which a primary government is not financially accountable. It does not impose will or have a financial benefit or burden relationship, even if the primary government appoints a voting majority of the related organization's governing board. Based on these criteria, the following are considered related organizations of Logan County Fiscal Court: East Logan County Water District and North Logan County Water District. The fiscal court's accountability for these organizations, however, does not extend beyond making the appointments.

A legal entity or other organization that results from a contractual agreement and that is owned, operated, or governed by two or more participants as a separate activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility is a joint venture. Based upon these criteria, the following is considered a joint venture of the Logan County Fiscal Court: Joint City-County Planning Commission and Board of Adjustment (Planning Commission). Logan County Fiscal Court is a participant with the cities of Adairville, Auburn, Lewisburg, and Russellville. The Planning Commission is governed by an eleven-member board composed of five appointees from the Logan County Fiscal Court, three appointees from the City of Russellville and one appointee each from the cities of Adairville, Auburn, and Lewisburg. All participants are obligated to pay expenses not met by Federal and State funds on a pro rata basis.

A jointly governed organization is a regional government or other multi-governmental arrangement that is governed by representatives from each of the governments that creates the organization, but that is not a joint venture because the participants do not retain an ongoing financial interest or responsibility. The Logan County Fiscal Court (Fiscal Court), in conjunction with City of Russellville (City), has created the Russellville-Logan County Airport Board (Airport Board). The Airport Board is composed of three members each from the Fiscal Court and City. On September 23, 1997, the Fiscal Court and the City guaranteed repayment of loans in the amount of \$120,000 at an interest rate of 2% per annum. The loans are for a period of ten years for the purpose of constructing capital improvements.

LOGAN COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009  
(Continued)

**Note 2. Deposits**

The primary government maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1)(d). According to KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the County and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

**Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that in the event of a depository institution failure, the government's deposits may not be returned. The government does not have a deposit policy for custodial credit risk, but rather follows the requirements of KRS 41.240(4). As of June 30, 2009, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.



LOGAN COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009  
(Continued)

**Note 3. Capital Assets**

Capital asset activity for the year ended June 30, 2009 was as follows:

	Reporting Entity			Ending Balance
	Beginning Balance	Increases	Decreases	
<b>Primary Government:</b>				
<b><u>Governmental Activities:</u></b>				
Capital Assets Not Being Depreciated:				
Land	\$ 1,452,005	\$ 27,486	\$	\$ 1,479,491
Construction In Progress	1,533,543			1,533,543
Total Capital Assets Not Being Depreciated	2,985,548	27,486		3,013,034
Capital Assets, Being Depreciated:				
Buildings	6,914,882	6,456,739		13,371,621
Vehicles	851,481	326,753	(82,534)	1,095,700
Equipment	2,204,848	245,729	(176,316)	2,274,261
Infrastructure	5,004,441	876,339		5,880,780
Total Capital Assets Being Depreciated	14,975,652	7,905,560	(258,850)	22,622,362
Less Accumulated Depreciation For:				
Buildings	(2,291,682)	(144,589)		(2,436,271)
Vehicles	(554,153)	(82,658)	71,880	(564,931)
Equipment	(1,223,625)	(163,755)	152,210	(1,235,170)
Infrastructure	(572,992)	(321,780)		(894,772)
Total Accumulated Depreciation	(4,642,452)	(712,782)	224,090	(5,131,144)
Total Capital Assets, Being Depreciated, Net	10,333,200	7,192,778	(34,760)	17,491,218
Governmental Activities Capital Assets, Net	\$ 13,318,748	\$ 7,220,264	\$ (34,760)	\$ 20,504,252

LOGAN COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009  
(Continued)

**Note 3. Capital Assets (Continued)**

Capital asset activity for the year ended June 30, 2009 was as follows: (Continued)

Primary Government: (Continued) <u>Business-Type Activities:</u>	Reporting Entity			
	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Being Depreciated:				
Vehicles	\$ 4,000	\$	\$	\$ 4,000
Equipment	15,727		(2,000)	13,727
Total Capital Assets Being Depreciated	19,727		(2,000)	17,727
Less Accumulated Depreciation For:				
Vehicles	(2,160)	(720)		(2,880)
Equipment	(6,333)	(2,055)	1,440	(6,948)
Total Accumulated Depreciation	(8,493)	(2,775)	1,440	(9,828)
Total Capital Assets, Being Depreciated, Net	11,234	(2,775)	(560)	7,899
Business-Type Activities Capital Assets, Net	\$ 11,234	\$ (2,775)	\$ (560)	\$ 7,899

Depreciation expense was charged to functions of the primary government as follows:

<u>Governmental Activities:</u>	
General Government	\$ 147,961
Protection to Persons and Property	69,502
General Health and Sanitation	142,114
Roads, Including Depreciation of General Infrastructure Assets	<u>353,205</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 712,782</u>
<u>Business-Type Activities</u>	
Jail Canteen	<u>2,775</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 2,775</u>

LOGAN COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009  
(Continued)

**Note 4. Long-term Debt**

**A. Bonds**

On September 1, 1998, Logan County Public Properties Corporation issued first mortgage revenue bonds to provide funding for the construction of the Logan County Jail. The total bond issue was in the amount of \$5,140,000, with interest rates varying between 4.30% and 5.1%. Interest is payable on March 1 and September 1 of each year. At the date of sale, there was \$24,726 in accrued interest that was remitted to the Public Properties Corporation along with the bond proceeds. On October 7, 1998 funds were transferred from the Construction Fund Account to the Debt Reserve Account in the amount of \$368,988. Annually \$19,741 is transferred from the Debt Reserve Account to the Sinking Fund Account to pay a portion of the interest. The bond issue provides for early redemption, with 30 days notice, on or after September 1, 2008. Bonds outstanding as of June 30, 2009 were \$3,970,000. Debt service requirements are:

Fiscal Year Ended June 30	Governmental Activities	
	Scheduled Interest	Principal Amount
2010	\$ 193,368	\$ 165,000
2011	185,746	170,000
2012	177,651	180,000
2013	169,001	190,000
2014	159,736	200,000
2015-2019	635,625	1,170,000
2020-2024	295,929	1,535,000
2025-2029	9,180	360,000
Totals	<u>\$ 1,826,236</u>	<u>\$ 3,970,000</u>

**B. Bonds**

On February 1, 2008, Logan County Public Properties Corporation issued first mortgage revenue bonds to provide funding for the construction of the Logan County Judicial Center. The total bond issue was in the amount of \$14,775,000, with interest rates varying between 2.50% and 4.25%. Interest is payable on February 1 and August 1 of each year. At the date of sale, there was \$4,479 in accrued interest that was remitted to the Public Properties Corporation along with the bond proceeds. Funding of the debt service is provided by a lease arrangement with the Commonwealth of Kentucky Administrative Office of the Courts. Bonds outstanding as of June 30, 2009 were \$14,195,000. Debt service requirements are:

LOGAN COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009  
(Continued)

**Note 4. Long-term Debt (Continued)**

**B. Bonds (Continued)**

Fiscal Year Ended June 30	Governmental Activities	
	Scheduled Interest	Principal Amount
2010	\$ 522,974	\$ 550,000
2011	509,224	560,000
2012	492,424	580,000
2013	475,024	595,000
2014	457,174	615,000
2015-2019	1,980,550	3,370,000
2020-2024	1,303,595	4,055,000
2025-2029	412,057	3,870,000
Totals	<u>\$ 6,153,022</u>	<u>\$ 14,195,000</u>

**C. Financing Obligation**

On July 1, 2000, Logan County Fiscal Court entered into a loan agreement with the Kentucky Infrastructure Authority for \$175,917. The Fiscal Court received \$78,731 of the loan proceeds. The loan was for the purpose of establishing a comprehensive recycling program for Logan County, including the cities of Russellville, Auburn, and Lewisburg. The interest rate was 2.60% for a period of ten (10) years, interest, and principal paid semi-annually. Loan balance outstanding as of June 30, 2009 was \$17,414. Debt service requirements are:

Fiscal Year Ended June 30	Governmental Activities	
	Scheduled Interest	Principal Amount
2010	\$ 397	\$ 8,594
2011	172	8,820
Totals	<u>\$ 569</u>	<u>\$ 17,414</u>

LOGAN COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009  
(Continued)

**Note 4. Long-term Debt (Continued)**

**D. Changes In Long-term Liabilities**

Long-term liability activity for the year ended June 30, 2009, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Due in More Than One Year
<b>Primary Government:</b>						
<u>Governmental Activities:</u>						
General Obligation Bonds	\$ 4,125,000	\$	\$ 155,000	\$ 3,970,000	\$ 165,000	3,805,000
Financing Obligations	25,789		8,375	17,414	8,594	8,820
Mortgage Revenue Bonds	14,775,000		580,000	14,195,000	550,000	13,645,000
Governmental Activities						
Long-term Liabilities	<u>\$ 18,925,789</u>	<u>\$</u>	<u>\$ 743,375</u>	<u>\$ 18,182,414</u>	<u>\$ 723,594</u>	<u>\$ 17,458,820</u>

**Note 5. Employee Retirement System**

The county has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a cost sharing, multiple-employer defined benefit pension plan, which covers all eligible full-time employees and provides for retirement, disability, and death benefits to plan members. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 13.50 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, Kentucky 40601-6124, or by telephone at (502) 564-4646.

LOGAN COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009  
(Continued)

**Note 6. Deferred Compensation**

On June 13, 2000, the Logan County Fiscal Court voted to allow all eligible employees to participate in deferred compensation plans administered by the Kentucky Public Employees' Deferred Compensation Authority. The Kentucky Public Employees' Deferred Compensation Authority is authorized under KRS 18A.230 to 18A.275 to provide administration of tax sheltered supplemental retirement plans for all state, public school and university employees and employees of local political subdivisions that have elected to participate. These deferred compensation plans permit all full time employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Participation by eligible employees in the deferred compensation plans is voluntary.

Historical trend information showing the Kentucky Public Employees' Deferred Compensation Authority's progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Public Employees' Deferred Compensation Authority's annual financial report. This report may be obtained by writing the Kentucky Public Employees' Deferred Compensation Authority at 101 Sea Hero Road, Suite 110, Frankfort, Kentucky, 40601-8862, or by telephone at (502) 573-7925.

**Note 7. Insurance**

For the fiscal year ended June 30, 2009, Logan County was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

**Note 8. Interest on Long-Term Debt and Financing Obligations**

Debt Service on the Statement of Activities includes \$617 in interest on financing obligations and \$693,174 in interest on bonds.

**LOGAN COUNTY**  
**BUDGETARY COMPARISON SCHEDULES - MAJOR FUNDS**  
**Required Supplementary Information**  
**For The Year Ended June 30, 2009**





**LOGAN COUNTY**  
**BUDGETARY COMPARISON SCHEDULES - MAJOR FUNDS**  
**Required Supplementary Information**  
**Modified Cash Basis**

**For The Year Ended June 30, 2009**

	<b>GENERAL FUND</b>			
	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts, (Budgetary Basis)</b>	<b>Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Taxes	\$ 1,654,900	\$ 1,654,900	\$ 1,822,521	\$ 167,621
In Lieu Tax Payments	212,000	212,000	287,185	75,185
Licenses and Permits	21,800	21,800	27,375	5,575
Intergovernmental Revenue	1,706,770	1,748,437	1,631,509	(116,928)
Miscellaneous	47,000	185,962	179,452	(6,510)
Interest	46,500	46,500	55,272	8,772
Total Revenues	3,688,970	3,869,599	4,003,314	133,715
<b>EXPENDITURES</b>				
General Government	3,168,802	3,231,195	2,783,626	447,569
Protection to Persons and Property	569,954	827,180	768,080	59,100
General Health and Sanitation	300	100,300	300	100,000
Social Services		1,950	1,950	
Recreation and Culture	45,000	45,000	36,387	8,613
Capital Projects	315,797	315,797	220,000	95,797
Administration	565,117	564,970	476,820	88,150
Total Expenditures	4,664,970	5,086,392	4,287,163	799,229
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	(976,000)	(1,216,793)	(283,849)	932,944
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers From Other Funds			120,000	120,000
Transfers To Other Funds	(13,000)	(13,000)	(120,000)	(107,000)
Total Other Financing Sources (Uses)	(13,000)	(13,000)		13,000
Net Changes in Fund Balances	(989,000)	(1,229,793)	(283,849)	945,944
Fund Balances - Beginning	989,000	989,000	981,578	(7,422)
Fund Balances - Ending	\$ 0	\$ (240,793)	\$ 697,729	\$ 938,522

**LOGAN COUNTY**  
**BUDGETARY COMPARISON SCHEDULES - MAJOR FUNDS**  
**Required Supplementary Information**  
**Modified Cash Basis**  
**For The Year Ended June 30, 2009**  
**(Continued)**

<b>ROAD AND BRIDGE FUND</b>				
	<b>Budgeted Amounts</b>		<b>Actual Amounts, (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Intergovernmental Revenue	\$ 1,393,987	\$ 1,393,987	\$ 1,494,934	\$ 100,947
Miscellaneous	600	25,700	25,989	289
Interest	12,000	12,000	12,803	803
Total Revenues	<u>1,406,587</u>	<u>1,431,687</u>	<u>1,533,726</u>	<u>102,039</u>
<b>EXPENDITURES</b>				
General Government	500	263	260	3
Roads	2,094,558	2,132,857	1,825,936	306,921
Capital Projects	65,000	52,181	9,886	42,295
Administration	216,154	216,011	185,948	30,063
Total Expenditures	<u>2,376,212</u>	<u>2,401,312</u>	<u>2,022,030</u>	<u>379,282</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>(969,625)</u>	<u>(969,625)</u>	<u>(488,304)</u>	<u>481,321</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers From Other Funds	<u>943,625</u>	<u>943,625</u>	<u>485,000</u>	<u>(458,625)</u>
Total Other Financing Sources (Uses)	<u>943,625</u>	<u>943,625</u>	<u>485,000</u>	<u>(458,625)</u>
Net Changes in Fund Balances	(26,000)	(26,000)	(3,304)	22,696
Fund Balances - Beginning	<u>26,000</u>	<u>26,000</u>	<u>27,809</u>	<u>1,809</u>
Fund Balances - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 24,505</u>	<u>\$ 24,505</u>

**LOGAN COUNTY**  
**BUDGETARY COMPARISON SCHEDULES - MAJOR FUNDS**  
**Required Supplementary Information**  
**Modified Cash Basis**  
**For The Year Ended June 30, 2009**  
**(Continued)**

<b>JAIL FUND</b>				
	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts, (Budgetary Basis)</b>	<b>Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Intergovernmental Revenue	\$ 608,475	\$ 608,475	\$ 518,388	\$ (90,087)
Charges for Services	37,550	37,550	30,578	(6,972)
Miscellaneous	37,100	37,100	38,553	1,453
Interest	3,000	3,000	2,467	(533)
Total Revenues	<u>686,125</u>	<u>686,125</u>	<u>589,986</u>	<u>(96,139)</u>
<b>EXPENDITURES</b>				
Protection to Persons and Property	1,427,655	1,435,492	1,379,870	55,622
Debt Service	335,750	335,750	335,636	114
Administration	339,491	331,654	324,034	7,620
Total Expenditures	<u>2,102,896</u>	<u>2,102,896</u>	<u>2,039,540</u>	<u>63,356</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>(1,416,771)</u>	<u>(1,416,771)</u>	<u>(1,449,554)</u>	<u>(32,783)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers From Other Funds	1,365,771	1,365,771	1,450,000	84,229
Total Other Financing Sources (Uses)	<u>1,365,771</u>	<u>1,365,771</u>	<u>1,450,000</u>	<u>84,229</u>
Net Changes in Fund Balances	(51,000)	(51,000)	446	51,446
Fund Balances - Beginning	<u>51,000</u>	<u>51,000</u>	<u>55,243</u>	<u>4,243</u>
Fund Balances - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 55,689</u>	<u>\$ 55,689</u>

**Reconciliation of the Budgetary Comparison Schedule to  
Statement of Revenues, Expenditures, and Changes In Fund Balance**

	<u>Expenditures</u>
Total - Budgetary Comparison Schedule	\$ 2,039,540
Transfers Out - To Public Properties Corporation Fund - Detention Center	<u>(335,636)</u>
Total - Statement of Revenues, Expenditures, and Changes in Fund Balances	<u>\$ 1,703,904</u>

**LOGAN COUNTY**  
**BUDGETARY COMPARISON SCHEDULES - MAJOR FUNDS**  
**Required Supplementary Information**  
**Modified Cash Basis**  
**For The Year Ended June 30, 2009**  
**(Continued)**

<b>OCCUPATIONAL TAX/ NET PROFITS TAX FUND</b>				
	<b>Budgeted Amounts</b>		<b>Actual Amounts, (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Taxes	\$ 2,500,000	\$ 2,500,000	\$ 2,558,001	\$ 58,001
Interest	32,400	32,400	28,800	(3,600)
Total Revenues	2,532,400	2,532,400	2,586,801	54,401
<b>EXPENDITURES</b>				
General Government	116,330	116,330	65,139	51,191
Administration	61,665	61,665	17,361	44,304
Total Expenditures	177,995	177,995	82,500	95,495
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	2,354,405	2,354,405	2,504,301	149,896
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers From Other Funds			120,000	120,000
Transfers To Other Funds	(3,094,405)	(3,094,405)	(2,763,028)	331,377
Total Other Financing Sources (Uses)	(3,094,405)	(3,094,405)	(2,643,028)	451,377
Net Changes in Fund Balances	(740,000)	(740,000)	(138,727)	601,273
Fund Balances - Beginning	740,000	740,000	731,953	(8,047)
Fund Balances - Ending	\$ 0	\$ 0	\$ 593,226	\$ 593,226

**LOGAN COUNTY**  
**BUDGETARY COMPARISON SCHEDULES - MAJOR FUNDS**  
**Required Supplementary Information**  
**Modified Cash Basis**  
**For The Year Ended June 30, 2009**  
**(Continued)**

**HOSPITAL SPECIAL RESERVE FUND**

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest	\$ 125,000	\$ 125,000	\$ 150,996	\$ 25,996
Total Revenues	125,000	125,000	150,996	25,996
<b>EXPENDITURES</b>				
Administration	3,418,248	3,177,730		3,177,730
Total Expenditures	3,418,248	3,177,730		3,177,730
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	(3,293,248)	(3,052,730)	150,996	3,203,726
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers From Other Funds	331,028	331,028	318,028	(13,000)
Total Other Financing Sources (Uses)	331,028	331,028	318,028	(13,000)
Net Changes in Fund Balances	(2,962,220)	(2,721,702)	469,024	3,190,726
Fund Balances - Beginning	2,962,220	2,962,220	2,962,563	343
Fund Balances - Ending	\$ 0	\$ 240,518	\$ 3,431,587	\$ 3,191,069

**LOGAN COUNTY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**June 30, 2009**

**Budgetary Information**

Annual budgets are adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer.

The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

**LOGAN COUNTY**  
**COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**Other Supplementary Information**

**June 30, 2009**

**LOGAN COUNTY**  
**COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**Other Supplementary Information**

**June 30, 2009**

	<b>Local Government Economic Assistance Fund</b>	<b>Solid Waste/ Recycling Fund</b>	<b>Life Skills Revolving Loan Fund</b>	<b>911 Fund</b>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 6,299	\$ 463,410	\$ 71,298	\$ 76,973
Total Assets	<u>\$ 6,299</u>	<u>\$ 463,410</u>	<u>\$ 71,298</u>	<u>\$ 76,973</u>
<b>FUND BALANCES</b>				
Reserved for:				
Encumbrances	\$ 100	\$ 3,227	\$	\$ 7,049
Debt Service Fund				
Unreserved:				
Special Revenue Funds	6,199	460,183	71,298	69,924
Total Fund Balances	<u>\$ 6,299</u>	<u>\$ 463,410</u>	<u>\$ 71,298</u>	<u>\$ 76,973</u>

The accompanying notes are an integral part of the financial statements.



## LOGAN COUNTY

## COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS

## Other Supplementary Information

June 30, 2009

(Continued)

<b>Public Properties Corporation Fund - Detention Center</b>	<b>Total Non-Major Governmental Funds</b>
<u>\$ 430,234</u>	<u>\$ 1,048,214</u>
<u>\$ 430,234</u>	<u>\$ 1,048,214</u>
\$ 430,234	\$ 10,376
	430,234
	<u>607,604</u>
<u>\$ 430,234</u>	<u>\$ 1,048,214</u>

The accompanying notes are an integral part of the financial statements.

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**LOGAN COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**Other Supplementary Information**  
**For The Year Ended June 30, 2009**

**LOGAN COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**Other Supplementary Information**

**For The Year Ended June 30, 2009**

	<b>Local Government Economic Assistance Fund</b>	<b>Solid Waste/ Recycling Fund</b>	<b>Life Skills Revolving Loan Fund</b>	<b>911 Fund</b>
<b>REVENUES</b>				
Taxes	\$	\$	\$	\$ 379,631
License and Permits		172,183		
Intergovernmental	65,519	66,500		118,298
Miscellaneous	1,500	37,350	9,600	292
Interest	781	18,180	2,773	2,674
Total Revenues	<u>67,800</u>	<u>294,213</u>	<u>12,373</u>	<u>500,895</u>
<b>EXPENDITURES</b>				
General Government	118,158			
Protection to Persons and Property				530,835
General Health and Sanitation	44,031	172,586		
Social Services	13,000			
Recreation and Culture	39,768			
Airports	17,500			
Debt Service		9,039		
Administration	555	32,685		146,623
Total Expenditures	<u>233,012</u>	<u>214,310</u>		<u>677,458</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>(165,212)</u>	<u>79,903</u>	<u>12,373</u>	<u>(176,563)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers From Other Funds	170,000			220,000
Total Other Financing Sources (Uses)	<u>170,000</u>			<u>220,000</u>
Net Change in Fund Balances	4,788	79,903	12,373	43,437
Fund Balances - Beginning	1,511	383,507	58,925	33,536
Fund Balances - Ending	<u>\$ 6,299</u>	<u>\$ 463,410</u>	<u>\$ 71,298</u>	<u>\$ 76,973</u>

The accompanying notes are an integral part of the financial statements.

## LOGAN COUNTY

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES

## IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS

## Other Supplementary Information

For The Year Ended June 30, 2009

(Continued)

Public Properties Corporation Fund - Detention Center	Total Non-Major Governmental Funds
\$	\$ 379,631
	172,183
	250,317
	48,742
16,593	41,001
16,593	891,874
	118,158
	530,835
	216,617
	13,000
	39,768
	17,500
355,490	364,529
	179,863
355,490	1,480,270
(338,897)	(588,396)
335,636	725,636
335,636	725,636
(3,261)	137,240
433,495	910,974
\$ 430,234	\$ 1,048,214

The accompanying notes are an integral part of the financial statements.

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**







## **PEERCY AND GRAY, PSC**

**Certified Public Accountants**

2300 Hurstbourne Village Drive, Suite 500

Louisville, Kentucky 40299

Phone: (502) 493-1090

FAX: (502) 493-7231

The Honorable Logan Chick, Logan County Judge/Executive  
Members of the Logan County Fiscal Court

**Report On Internal Control Over Financial Reporting And On  
Compliance And Other Matters Based On An Audit Of Financial  
Statements Performed In Accordance With Government Auditing Standards**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Logan County, Kentucky, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements, as listed in the table of contents and have issued our report thereon dated October 21, 2009. Logan County presents its financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Logan County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Logan County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Logan County's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the modified cash basis of accounting such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Report On Internal Control Over Financial Reporting  
And On Compliance And Other Matters Based On An Audit Of Financial  
Statements Performed In Accordance With Government Auditing Standards  
(Continued)

Compliance And Other Matters

As part of obtaining reasonable assurance about whether Logan County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management and the Department for Local Government and is not intended to be, and should not be, used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink that reads "Percy and Gray, PSC". The signature is written in a cursive, flowing style.

Percy and Gray, PSC  
Certified Public Accountants

October 21, 2009

**CERTIFICATION OF COMPLIANCE**  
**LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM**

**LOGAN COUNTY FISCAL COURT**

**For The Fiscal Year Ended**  
**June 30, 2009**

**Appendix A**



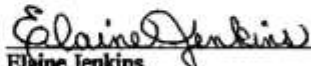
**CERTIFICATION OF COMPLIANCE  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM**

**LOGAN COUNTY FISCAL COURT**

**For The Fiscal Year Ended June 30, 2009**

The Logan County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.

  
\_\_\_\_\_  
Logan Chick  
County Judge/Executive

  
\_\_\_\_\_  
Elaine Jenkins  
County Treasurer

